

CALIFORNIA ECONOMIC STRATEGY PANEL
SUMMARY OF THE AUGUST 22, 2007 MEETING

Welcome

Omar R. Benjamin, Executive Director of the Port of Oakland, welcomed the Members of the California Economic Strategy Panel (Panel).

Purpose of the Meeting

Doug Hoffner, Undersecretary of the California Labor and Workforce Development Agency, opened the meeting and explained that Secretary Vickie Bradshaw was required to attend the Governor's Cabinet meeting in response to the passage of the State Budget. Doug requested Ed Kawahara, Principal Consultant to the Panel to lead the discussion of the agenda items.

Ed noted that the agenda items represent accomplishments of recommendations made by the Panel in the report *Creating A Shared Economic Strategy: A Call to Action*. In the report, the Panel called for action in four areas. They were:

- “Real Time” Economic Data and Information;
- Connect Workforce Development and Economic Development and Focus on Regions and Industry Clusters; and,
- Create a California Economic Leadership Network.

The agenda items discussing the draft *Economic Base Report: San Joaquin Valley Region*, the draft *California Regional Economies Project: Industry Clusters of Opportunity User Guide* and the progress of the *California Economic Leadership Network* addresses three of the action areas.

The fourth area,

- Infrastructure Investment Focused on the Triple Bottom Line that Achieves Economic, Environmental and Equity Payoffs.

Was further advanced by the Panel with the completion of the monograph entitled *California Golden Opportunity: Building a World-Class Infrastructure Through Innovation and Collaboration*. The Panel continues to be involved in this area through the Critical Infrastructure Workgroup.

Economic Forecast and Key Issues

Howard Roth, Chief Economist of the California Department of Finance and Members of the Panel and audience discussed the state's economic outlook and critical issues, including the housing sector, financial markets, consumers and demographic shifts impacting the economy.

The Panel Members requested additional information, including:

- population growth rate and impact driving consumption;
- demographic profile, including income levels, of population migrating out of the state; and,
- motivations of current housing developers to build-out in proximity to recently developed subdivisions.

Discussion of the Draft *Economic Base Report: San Joaquin Valley Region*

Janet Maglinte, Research Specialist to the Panel, reviewed changes in the *2007 Economic Base Reports* using the San Joaquin Valley Region as a sample. *2007 Economic Base Reports* will be completed for all nine regions and statewide.

The *2007 Economic Base Reports*:

- cover the period 2001 to 2005;
- add a section that reviews all major industry sectors (2-digit NAICS level), not just the economic base sectors;
- add size-of-business information;
- include preliminary findings for 2006 and 2007 based on the Current Employment Statistics (CES) data;
- include a more traditional analysis of the economic base;
- add a section with key industries and industry clusters important to the regional economy; and,
- add a conclusion chapter.

The Panel Members requested the following additions.

- Include the percentage of firms and percentage of employment provided by firms with less than 50 employees, in addition to those with less than 100 employees. Currently, the

tables of economic facts only include firms with less than 100 and label these firms as “small businesses.”

- The findings for firms with less than 50 employees should be added to the summary tables of economic facts. Delete the label “small business” from both of these groupings.
- Include mention of the fact that some jobs reported under Manufacturing are not actually manufacturing jobs. An example offered was where a company, such as Intel, may report all of its jobs in a particular location under Manufacturing, even though manufacturing may not be taking place at the location.

Pius Lee moved and Jim Beno seconded approval of the draft *Economic Base Report: San Joaquin Valley Region* with the above additions. The motion was unanimously approved.

Discussion of the July 2007 Version of the *California Regional Economies Project: Industry Clusters of Opportunity User Guide*

Ed Kawahara reviewed the *User Guide*. There are a series of six training sessions in 2007 to teach representatives from community colleges, Local Workforce Investment Boards, Employment Training Panel, Regional Occupational Centers and Programs, economic development organizations and Labor Market Information Division’s (LMID) Field Offices how to conduct industry clusters of opportunity studies. LMID was recognized for their support and contribution.

The Panel Members requested additions including:

- power point presentation of the *User Guide*;
- list of resources;
- funding sources to conduct studies and follow-through;
- review of *User Guide* by Meeting Planner and Graphic Designer; and,
- website links.

Pius Lee moved and Barry Hibbard seconded approval of the 2007 Version of the *California Regional Economies Project: Industry Clusters of Opportunity User Guide* with the above additions. The motion was passed unanimously.

Progress of the California Economic Leadership Network

Trish Kelly, Sacramento Director of the California Center for Regional Leadership reviewed a proposed structure and process for a network. This effort received a grant from the U.S. Economic Development Administration and support from partners including the Orange County Business Council; Center for Economic Development,

California State University, Chico; Southern California Edison; New Voice of Business; and The California Endowment.

The proposed network is the result of analyzing models and best practices from other states; assessing new methods of organizing regional strategies such as the Partnership for the San Joaquin Valley; and, consulting with leaders of regional and statewide organizations. Twenty-five one-on-one consultations were conducted representing organizations such as the CA Regional Blueprint Network; CA Association of Councils of Government; CA Association for Local Economic Development; CA Redevelopment Association; CA State Association of Counties; and, CA Workforce Association. In addition, five regional forums were conducted in El Centro, Salinas, Visalia, Tulare and Chico. A briefing was also conducted with Legislative staff.

Key factors for success of a statewide network include private sector leadership; active role of the Governor as convenor in partnership with the private sector; policy issues organized around leading industry clusters; focus on a comprehensive agenda including workforce and infrastructure; and, communication and relationships matter more than structure.

A draft *Information Flow & Policy Development* chart was presented for consideration. A report will be completed in September which will include recommendations for next steps.

Goods Movement in California

John Hummer, Deputy Secretary for Goods Movement at the California Business, Transportation and Housing Agency reviewed critical infrastructure issues and the opportunities from the infrastructure bonds and challenges of investment decisions. The discussion segued into the tour of the Port of Oakland.

Tour of the Port of Oakland

Highlights included the Social Responsibility Division's training, internship, employment of local residents and community relations programs; and, the Environmental Planning Department's 180 acre shallow water, 38 acre green open space, 650 acre waterfront park and other innovative environmental programs.